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STATEMENT BY SENATOR STROM THURMOND ON FOREIGN AID BILL, H. R. 12181,  
ON SENATE FLOOR, JUNE 4, 1958.

MR. PRESIDENT:

Last January 9, the President of the United States appeared before the Congress and delivered his State of the Union message. In the course of that address, he made this statement:

"The threat to our safety, and to the hope of a peaceful world, can be simply stated. It is Communist imperialism."

This is a clear statement. I believe I am safe in saying that every member of this body recognizes it as a true statement. The great threat to world security today is contained in the expansionist ambitions of the Communist empire, as directed from its headquarters in the Kremlin. Yet, even though we all recognize this to be true, we are considering a measure today that will have the effect of giving financial aid to the Communist empire.

The bill, in its present form, makes a distinction between the head and trunk of the Communist empire and its arms and legs. It adopts the philosophy that we can, by giving aid to the limbs, encourage them to detach themselves from the body. It is based on the rash assumption that the Communist imperialists will permit the limbs to amputate themselves whenever they desire to do so.

I submit that we cannot nourish a part of the Communist animal without nourishing all of it. I contend that aid to a Communist nation is aid to Communism. It is as simple as that.

I will quote now from a section of the Report of the Committee on Foreign Relations, in which the Committee presents its rationalization of this program to amend the Mutual Defense Assistance Control Act of 1951 and authorize assistance to all Communist nations with the exceptions of the Soviet Union, Communist China and North Korea.



I quote now from the Report:

"A number of important developments within the Communist bloc/ have taken place since 1951. Communist China has become a significant power/within the Communist movement. The apparent monolithic solidarity of the satellite countries/has proved in some cases to be synthetic. A series of cracks has appeared in the Iron Curtain. There is conclusive evidence/that the subject peoples in Eastern Europe/have never fully accepted communism...

"Thus it is now apparent/that, in addition to nations dominated completely by the Soviet Union/and nations free of such domination, there is a third category of nations in the process of moving away from Communist control/and establishing some measure of independence... Some have already achieved an important measure of independence, and some have obtained a full measure of political independence/but continue to be economically dependent upon the Soviet Union or Communist China."

As a justification of a program for aiding Communist nations, this rationalization fails to satisfy me, in several important respects:

First, and perhaps most importantly, it makes the error of confusing the ambitions for freedom held by the people of the satellite nations/with the ambitions of the governments of those countries. The great masses of people, I agree, would like to strike off the shackles of Communism. If we could find a way to effectively aid these people, in a direct fashion, we might be able, in this way, to make a contribution to the peace of the world. The plain and simple fact of the matter, however, is that aid to Communist states/ must be administered in close cooperation/with the Communist governments of those states. Is it reasonable to suppose that these Communist governments/will collaborate in a program designed to bring about their dissolution? I think not. Communists are not deficient in the instinct for self-preservation. No matter whence the source, Communist governments will use the assistance given them/to strengthen their regimes.



Second, there is no evidence to indicate that masters of the Communist empire/are willing to permit the disintegration of their domain. I need only mention the Hungarian revolt of 1956/to illustrate the point/that the Soviet Union will deal ruthlessly and implacably/with a member of the empire that attempts to pull away. It is true that we have had an increasing amount of political independence/in the so-called satellite states. It appears, however, that this political independence/is limited to the amount that the Kremlin feels to be desirable/for administrative purposes.

Third, we must recognize the existence of well established trade channels/between the individual States of the Communist empire, particularly between the satellites and the Soviet Union. Following World War II, the Soviet Union dismantled many industrial plants in the areas it had occupied/and moved equipment and finished goods back to Russia/to replace Soviet installations and inventories which had been destroyed during the war. The principle was well established/that critical shortages in the Soviet Union/could be filled by imports from the satellite states. If we commit ourselves to a program of aiding Communist states, we must expect that some of this assistance will be used, in undercover fashion, to bolster the economy of the Soviet Union, or, of Communist China.

The fourth point I wish to make/is a corollary of the third. To the extent that the Soviet Union may be required, in the pursuit of its own interests, to provide supplies to satellite nations for the relief of famine, disaster or other emergency, any American program which undertakes to provide the same supplies is a program for the relief of the Soviet Union. As men of good will, we have a natural humanitarian desire to alleviate suffering, wherever it may occur/and



without reference to geopolitical considerations. However, when we attempt to come to the rescue of Communist governments, and invite them to use our resources to alleviate hardships within their borders, we are merely taking unto ourselves a burden/which would normally fall on the Soviet Union/or another member of the Communist empire.

Fifth, the program of aid to Communist countries/which may appear to be on the verge of defecting from the Communist empire/is based on a misguided concept of strategy. Our mutual security program is designed as an obstacle to Communist expansion. Therefore, some have reasoned, the greatest effort in foreign aid should be made in those countries/where the threat of Communism is the greatest. This line of reasoning/leads to the concept of aid to Communist countries. The Hon. Chester Bowles, formerly our ambassador to India, stated the fallacy of this reasoning succinctly/when he pointed out/that we have "appeared to offer a premium to those countries which have the most Communists."

"A nation that could produce a sufficiently frightening array of local Communist agitators," Mr. Bowles observed, "was often flooded with more assistance than it could properly use, while other nations/which were less well endowed/with such troublemakers/received little or nothing."

In view of this state of affairs, we should not be surprised when countries in Asia, Africa and Latin America/develop Communist movements. I do not believe that such movements develop/as a deliberate, calculated step in obtaining liberal American aid, but it must be obvious to every foreign political leader/that a judicious amount of Communism in the body politic/is an important requisite for obtaining assistance from the United States.



Sixth, aid to Communist nations/is aid to countries which might well be fighting against us/in the event of war. Every member of this body is well aware of the difficulty/of drawing the line between military aid and economic aid. In modern warfare, every step that is taken to make a nation self-sufficient in the economic sense/is a step which improves that country's mobilization base/and makes it better able to wage war. A step to improve the war-making potential of a Communist state/is like playing with dynamite.

Mr. President, in the 10 years since Congress first embarked on a foreign aid program/through its approval of the Marshall Plan, we have seen many changes in the concept and form of the program.

We originally contemplated a comparatively modest plan/for the restoration of Western Europe. The Marshall Plan worked well. It gave some Americans/the confidence to launch into a global program/with multiple objectives. The global program has not worked well.

Military assistance, which most directly strengthens our defenses/by building up the armed strength of our allies/has been sadly mismanaged, and at times it is even given to nations/that are not true friends of this country.

I quote from House Report No. 1281 of the House Government Operations Committee:

"The conclusions of the Comptroller General mean/that the United States has given military aid items to some countries/to equip a total force which is either/beyond (1) the manpower capabilities of the country to raise, (2) the technical capability, to maintain, (3) the economic capability of the country to sustain/even if such a force could be raised, or (4) the desire or willingness of the recipient country/to fulfill or comply with the military objectives assigned to it. It means further/that the maximum military effectiveness of the countries involved/could have been developed with less United States aid/than that which has been furnished, or which will be furnished in the future/so long as such an unrealistic basis is used for programming military assistance."



This House report was based largely on the findings of the Honorable Joseph Campbell, the Comptroller General, who deserves the thanks of every citizen/for his able work as the watchdog of the Treasury.

Mr. Campbell made a number of disclosures, among them the fact/that there has never been an internal audit of the military aid program, and that no estimates have ever been developed as to the long-range cost of the program.

Indiscriminate economic assistance has failed to contribute to the security of the United States/in proportion to its cost to the American taxpayer.

We have assumed that economic development/can pave the way for the growth of democracies/patterned after our own in the undeveloped areas of the world. However, this program of force-feeding industry and agriculture, through heavy governmental expenditures, is basically opposed to the American system of free enterprise. It is more closely akin to the principles of state socialism. In the cases where our economic aid/results in a sudden increase in the wealth and productivity of a nation -- and these cases are rare -- we are likely to find that the government which develops/is a government which relies heavily on continued governmental control of production. Dictatorship is a more likely product than democracy.

We have made the mistake of trying to buy friends. You cannot just go out and buy love of representative democracy/and love of freedom/like you can buy a ton of coal/or a bushel of wheat. Love and friendship must first exist/in the hearts of the people themselves, and if it does not exist there, no number of our dollars will put it there.



Who is to say that we did not have just as many, if not more, friends/at the end of World War II/than we have right now? Who is to say/that, instead of curing the ills of the world with our dollars, we have not added to them — by aiding communism in many instances, by subsidizing socialism in even more instances, by destroying the independence and self-reliance of many nations, by upsetting the way of life of peoples when they do not want it upset?

A striking example can be pointed out/by reference to a quotation from a Ceylon newspaper which said:

If the United States withdrew its offer of aid, that would be the price Ceylon would cheerfully pay to maintain her independence... If any country in the world offers Ceylon aid without strings/she will gladly and gratefully accept as Nehru's India has done, but she cannot be bought, sold or bartered. After all, we have survived without American aid all these years/and our self respect cannot be bought with dollars.

More and more/we find that nations are responding to American aid as the Ceylon newspaper does, namely, that when a country accepts foreign aid from the United States, it feels that it is doing this country a favor. If some of the countries receiving American aid are so blinded with pride/that they don't know the difference between Communist oppression and American generosity, then the time has come to stop injuring their pride/with gifts of American dollars.

In addition to making the mistake of trying to buy friends, we have also made ourselves appear to be rich and arrogant, in our relations with the poorer nations of the world. The recent riots in Formosa/should be evidence enough of the envious feeling we have generated/among the countries with small resources.

Through the foreign aid program/we have imposed a heavy burden/ on the taxpayers of today and the taxpayers of tomorrow, for this



burden will persist for generations to come. Recently the Congress voted to raise the debt limit to \$280 billion. By the end of this fiscal year/we will have authorized or spent approximately one-fourth of our national debt, into this and other "give-away" programs. The interest alone on the foreign aid portion of the national debt/is costing us between two and three billion dollars annually. At the same time, some of this assistance has been used by foreign countries/ to reduce their own taxes and pay off their own national debts.

I am alarmed at this program. It is wrong in its conception, and it has been bungled in its execution. In the past 10 years many mistakes have been made and many instances of wastefulness, extravagance, graft and inefficiency have been brought to light. I would like to recall for a few moments several of these projects to illustrate some of the follies of our foreign aid program.

Our foreign aiders have poured millions of dollars into overseas reclamation projects which will make it possible for foreign countries to reclaim thousands of acres of farmland to compete with our own farmers here at home who have been in an agricultural recession for the past several years.

They have also helped set up textile and other industries in foreign countries where low-wage competition can have further adverse effects on domestic employment. Of the foreign aid money used by recipient countries to purchase textile products in 1957, only 7.5 per cent was purchased from United States mills. The rest, amounting to \$89 million, was bought from Japan and other competitors.

Our country, which plants very little rice, has sent technicians to Korea to teach Korean rice growers how to grow more and better rice. At the same time, shrewd Korean and Vietnam merchants have made large windfall profits and have maneuvered kickbacks while trading in



foreign aid items.

The House Government Operations report says that a quarter of a billion dollars in assistance to Iran from 1951-56 was administered in a "loose, slipshod, and unbusinesslike manner," adding that amounts requested for aid to Iran "seem to have been picked out of the air."

In Laos, where we have been spending more money per capita than in any other country, the Communist Party is gaining more and more political power. In addition, the country's Minister of Planning and Reconstruction, who is the leader of the Communist political movement, has a voice in the spending of some of this American aid.

In Saudi Arabia, we have been giving millions to billionaire King Saud who has more than a hundred wives and gold-plated Cadillacs.

If all this were not enough, this program has also provided wage boosts to Iranian government workers, public baths for Egyptian camel drivers, airplane rides for thousands of Moslems to visit their religious shrine in Mecca, a sugar beet refinery where there were insufficient beets, and we have even given some countries so much that we have contributed to their inflationary spirals.

If I had to single out one error as the most dangerous of all, I would fine the choice a difficult one. There are too many from which to choose.

As of this moment, I am inclined to rank the mistake of offering aid to Communist countries above all the rest. I see no justification whatever for a program to combat Communism by extending aid to Communism. I think it is important, therefore, that we eliminate from H.R. 12181 any provision which would authorize any assistance to Communist countries.

The Senate is being asked this week to authorize under the provisions of this bill \$3,068,900,000. This is \$229 million less than the \$3,297,900,000 requested by the Administration. These



figures show that the Administration/is committed/ to continue this foreign aid program/at a high level of spending.

Certainly, with a national debt of \$280 billion, with a possible deficit of \$9 billion facing us during fiscal year 1959, with greater expenditures required for missile and satellite development and research, with other economic and social needs staring us in the face at home, and with our people paying almost one-third of their income in taxes, the time has now come/for the United States to take steps toward shackling this foreign aid monster/and bringing its spending spree to an end. No one can argue with the principle/that the best assurance we have for the preservation of freedom in this world/is the maintenance of a strong America, and if this strength is to be sustained and maintained, then we must reduce our foreign aid program/lest we spend ourselves to death and ruin our country economically/in accordance with the prophecies and hopes of Marx and Lenin.

Furthermore, if given the chance, private investment could replace foreign aid in many nations.

Some feel that the greatest hindrance to foreign investment/is fear of confiscation. I do not agree. I think the greatest hindrance/ is foreign aid. Private capital does not go to a country/whose economy is choked with sterile capital that yields no profit.

The largest receiver of federal handouts since World War II/has been Western Europe, and it has been the smallest receiver/of new investment funds from private sources. As of 1956, Western Europe had received close to 70 per cent of the money/spent under the foreign aid program. But the ratio of private investment in that area by the United States/runs only about 14 per cent. On the other hand, Latin America received 2.4 per cent of the foreign aid expenditures through



1956, but it received 35 per cent of our foreign private investment. Only an invisible amount of aid went to Canada, but 34 per cent of our foreign investment has gone there.

If investment capital is to be stimulated, foreign aid must be cut off. Private investment has been encouraged everywhere/through the faith that we may have a lasting peace.

The change-over from the charity dollar to the investment dollar/ would have a stimulating effect, and it would inspire the nations we have been trying to help/with confidence and new hope. In addition, it would demonstrate to the world/the virtues of our free enterprise system.

Aside from these points, however, it would release thousands of foreign aiders and bureaucrats, which, in itself, would be a worthwhile accomplishment/toward reducing the size of our Federal government.

In summary of my comments on foreign aid, let me say that I favor a reduction in the size of this program now, not tomorrow, next year, or in 1960 -- but now.

America should continue to help faithful and loyal allies in Europe and Asia/with a program of reasonable military assistance/in order to keep American boys at home and strengthen the free world. As to economic aid -- or whatever modern term it has been given in recent years/in order to deceive the public -- I believe that if we are going to give such assistance/it should be on a loan basis/so that the recipients will know and feel their obligation/and so that we can stand some chance of recovering some of these funds.

In accordance with the views set forth in this speech, Mr. President, I shall vote to reduce the authorization recommendations



of the committee. If the bill is not properly amended, then it is my intention to vote against final passage of the bill/as I have done in previous years.

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